

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05

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TO SECSTATE WASHDC 8082

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E.O. 11652: N/A

TAGS: ELAB, EI

SUBJ: ICTU REJECTS IRISH NATIONAL WAGE AGREEMENT

REF: (A) DUBLIN 1143, (B) DUBLIN 1267

1. THE SPECIAL DELEGATE CONFERENCE OF THE IRISH CONGRESS OF TRADE UNIONS (ICTU) REJECTED ON JULY 3 BY A NARROW MARGIN OF 9 VOTES THE DRAFT NATIONAL PAY AGREEMENT. VOTING WAS 202 IN FAVOR VERSUS 211 AGAINST. REPORTEDLY, THE GENERAL FEELING AT THE ICTU CONFERENCE WAS THAT THE PAY INCREASES PROPOSED WERE ACCEPTABLE AS THE BEST AVAILABLE. HOWEVER, THERE WERE STRONG OBJECTIONS TO THE NON-PAY PROVISIONS OF THE DRAFT, INCLUDING PROVISIONS GOVERNING ANOMALY PAY INCREASES, THE "INABILITY TO PAY" ESCAPE CLAUSE FOR EMPLOYERS AND CERTAIN LIMITATIONS ON STRIKES. IT WAS ALSO REPORTED THAT THE GOVERNMENT'S HIGH INCOME TAX POLICY WAS A FACTOR. THE ICTU NEGOTIATING MANDATE HAS EXPIRED AND IF NEGOTIATIONS WERE TO BE RESUMED, THE ICTU EXECUTIVE WOULD HAVE TO OBTAIN A RENEWED MANDATE AT ITS ANNUAL CONFERENCE WHICH IS BEING HELD IN GALWAY JULY 6 - 9.

RATHER THAN DOING SO, HOWEVER, THE PRESIDENT OF THE ICTU TOLD THE GALWAY CONFERENCE ON JULY 6 THAT INDIVIDUAL UNIONS SHOULD GO

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AHEAD WITH WAGE CLAIMS AT THE LEVEL OF FIRMS AND INDUSTRIES. HE

THEREBY VIRTUALLY RULED OUT THE RENEGOTIATION OF A NATIONAL PAY AGREEMENT.

2. MEMBERS OF THE CABINET BEGAN INFORMAL DISCUSSIONS OF THE ICTU REJECTION DURING THE WEEKEND WHEN THE PRIME MINISTER, DEPUTY PRIME MINISTER AND MINISTERS FOR FINANCE AND LABOR MET. THE DEPARTMENTS OF FINANCE AND LABOR BEGAN FORMAL STUDY OF WHAT ACTION THE GOVERNMENT MIGHT TAKE AT THIS POINT.

3. THE 1975 AGREEMENT EXPIRED WITH RESPECT TO ABOUT 135,000 WORKERS ON MARCH 31 AND WITH RESPECT TO ABOUT 237,000 OTHERS ON MAY 31, AND THE UNIONS ARE ANXIOUS TO PRESS FOR WAGE INCREASES. IN VIEW OF THE POOR PERFORMANCE OF THE IRISH ECONOMY THIS YEAR, GOVERNMENT IS UNDER GREAT PRESSURE TO FIND A SOLUTION THAT WILL MAKE THE LEAST POSSIBLE CONTRIBUTION TO ANOTHER INFLATIONARY SPIRAL. IF THERE IS NO NATIONAL PAY AGREEMENT, AND IF THERE IS A FREE-FOR-ALL ROUND OF WAGE DEMANDS BY INDIVIDUAL UNIONS, THE CONSEQUENCES FOR THE ECONOMY WILL BE SEVERE.

4. THE BANK STRIKE IS NOW IN ITS SECOND WEEK. THE GOVERNMENT IS STUDYING A PRODUCTIVITY AGREEMENT WORKED OUT EARLY LAST WEEK BETWEEN THE BANKS AND THE UNIONS, BUT THERE IS NO INDICATION AT THIS TIME OF WHEN THE STRIKE MAY END.

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